Important Notice about Your Medicare Supplement (Medigap) Outpatient Prescription Drug Coverage

[Name of company] is sending you this notice because you have a Medicare Supplement (Medigap) policy that includes benefits for prescription drugs. Because of a change in Federal law, you have new choices for getting prescription drug coverage. You also have important decisions to make about your current Medigap policy.

PLEASE READ THIS ENTIRE NOTICE CAREFULLY before making a decision about your drug coverage. Beginning January 1, 2006, new prescription drug coverage will be available to all people with Medicare. Medicare prescription drug coverage will be available through private companies. As you think about whether you want to enroll, there are certain things you need to consider. In general, your Medigap policy's prescription drug benefits will pay out at least as much as the Medicare prescription drug benefit pays out. However, because the government pays a large share of the premium for the Medicare prescription drug plans, most people will save money by enrolling in one of them. The decision depends on your individual circumstances such as whether the drugs you currently use are covered by the new plans and whether you personally would save money by enrolling.

If you want this new Medicare coverage in 2006, you can enroll in one of these Medicare prescription drug plans between November 15, 2005 and May 15, 2006. But you cannot have prescription drug benefits from both a Medigap policy and a Medicare prescription drug plan at the same time. Therefore, you must make a decision about your Medigap policy. You may call us at 1-800-000-0000 for more information about your Medigap prescription drug benefits. [Optional: Issuer may mention briefly that it will be offering PDP and/or MA-PD products and may supply additional materials on these products with this mailing.] At the end of the notice there is a list of other contacts where you can get help and more information.

If You Do Not Enroll in a Plan that Provides Medicare Prescription Drug Coverage

If you decide you do not want to enroll in one of the new plans that provide Medicare prescription drug coverage, you can keep your current Medigap policy without changes. You do not need to do anything in reply to this notice. However, before you decide, consider all of your options. Please carefully read the section below titled "If You Enroll After May 15, 2006, in a Plan that Provides Medicare Prescription Drug Coverage."

If You Enroll By May 15, 2006, in a Plan that Provides Medicare Prescription Drug Coverage

If you decide to enroll by May 15, 2006, in one of the new plans that provide Medicare prescription drug coverage, you must choose one of the following options:

(Note that once we remove the drug coverage from your Medigap policy, you cannot get it back even if you later decide to leave the Medicare plan.)

Option #1: You can keep your current Medigap policy but Federal law requires us to remove the prescription drug benefits, and your premium will change. [In your case, the new premium will be [insurer insert dollar amount of premium].] If you choose this option, you must notify us promptly [insert options for notifying issuer] **or**

Option #2: You can cancel your existing Medigap policy and, in most cases, enroll in one of our Plans [A, B, C, F, K or L][insurer insert those plans of above you currently offer or any others you may want to offer] regardless of your health. [Descriptions of these Plans and their current premiums are enclosed – **OR** – If you would like information about one or more of these plans, please contact us at 1-800-000-0000 or www.issuer.com]. If you want one of these other Medigap policies, you must apply for it within [63] days after your coverage in the Medicare drug plan begins. [This sentence can be revised in States with different requirements, or deleted in States with continuous open enrollment]

However, if you choose to get your Medicare prescription drug coverage through a Medicare Advantage plan, we cannot enroll you in one of these other Medigap policies. A Medicare Advantage Plan is a company such as an HMO that contracts with the federal government to provide your Medicare benefits. A Medigap policy can't work with a Medicare Advantage plan, so you may decide it is best for you to cancel your policy. If you keep the policy when you enroll in a Medicare Advantage plan, please notify us promptly because we are required to eliminate the drug coverage from your policy.

If You Enroll After May 15, 2006, in a Plan that Provides Medicare Prescription Drug Coverage

If you do not enroll in one of the new plans that provide Medicare prescription drug coverage during the initial enrollment period, but want to do so after May 15, 2006, you need to know [three] things.

- 1. There is no penalty if you wait to enroll until after May 15, 2006, because, in general, the prescription drug benefits in your Medigap policy will pay out at least as much as the Medicare prescription drug benefit pays out for the drugs it covers. Just make sure you don't go for 63 days or longer without your Medigap drug coverage before your coverage under a Medicare drug plan starts. If you do, the premiums will be higher.
- 2. In most cases, if you decide to drop your Medigap coverage, the only time you can enroll in a plan that provides Medicare prescription drug coverage is between November 15th and December 31st of any year for coverage that starts January 1 of the next year.

[3. You may not be able to enroll in another Medigap policy with our company. You might only be able to keep your current policy with the drug benefit removed. Please contact us at 1-800-000-0000 or www.issuer.com for more information.]

KEEP THIS NOTICE. Showing it can help you avoid paying higher premiums if you enroll in a Medicare prescription drug plan after May 15, 2006.

If you enroll after May 15, 2006, in one of the plans that provide Medicare prescription drug coverage, please let us know as soon as possible. [Insert options for notifying issuer] Federal law requires us to remove the prescription drug benefit from your Medigap policy and your premium will change.

Effect on Medigap Premiums

In making your decision about what to do, please keep in mind that the law requires us to make changes to our plans. These changes will have an effect on future premiums, especially for policies with drug benefits. Please contact us so we can discuss the likely differences in premiums over time among your different choices.

Assistance

- To learn more about your current Medigap policy and the other Medigap policies that [Name of Company] can offer you, contact [Name of Company] at [phone number] or [website]. We can answer your questions about your Medigap choices and premiums.
- **To get counseling and assistance**, contact your State Health Insurance Assistance Program (SHIP). It can help you with information about your Medigap policy and the new Medicare Prescription Drug Program. You can reach the SHIP Program [at insert SHIP number OR by finding your state's Program number on the next page].
- To learn more about Medicare prescription drug plans and Medicare Advantage Plans, including which plans are available in your area:
 - Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048. This toll-free number is available 24 hours a day, 7 days a week. Tell them that you have a Medigap policy with prescription drug coverage and that you would like to talk to someone about your options.
 - Visit www.medicare.gov on the web, to find information on the plans available in your area.
 - o Read *Medicare & You 2006*, which Medicare will mail to you in October 2005.